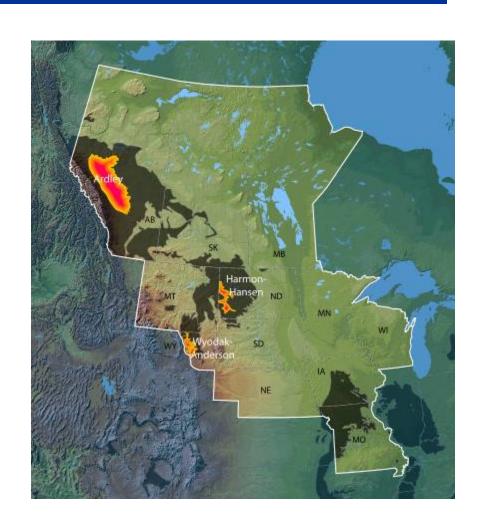




•Provide field validation testing of sequestration technologies and infrastructure approaches that can lead to wide-scale deployment in coal fields throughout the PCOR Region.

Lignite Field Validation Test Objectives

- Test the ability of lignite coals to produce methane gas.
- Determine the effect of CO₂ on lignite gas productivity.
- Determine the potential for lignites to permanently sequester CO₂.

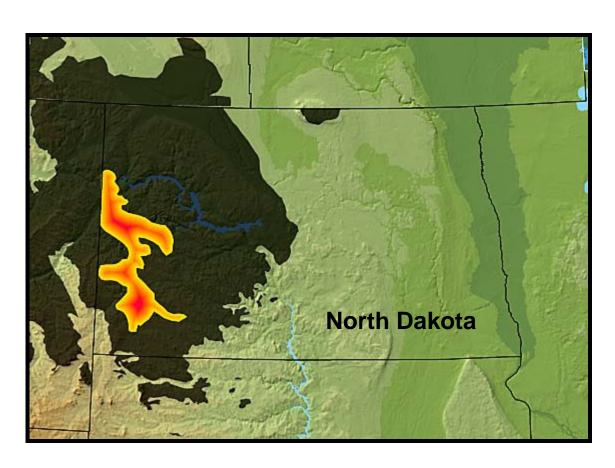












Injection of CO₂ from commercial facility >95% CO₂

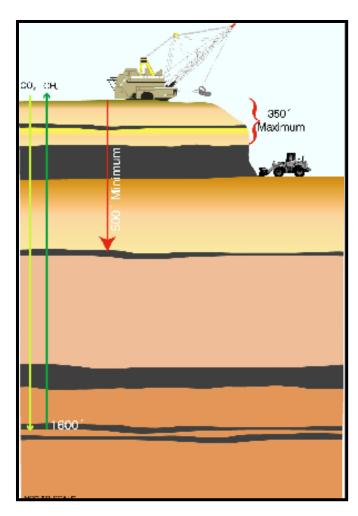
Minimum of 1000 tonnes of CO₂ will be injected during demo period.











Injection Zone Characteristics

- Low-rank coal
- Injection depth ~
 490m (1600ft)
- Reservoir depth and temperature are low enough that CO₂ will be in gas phase

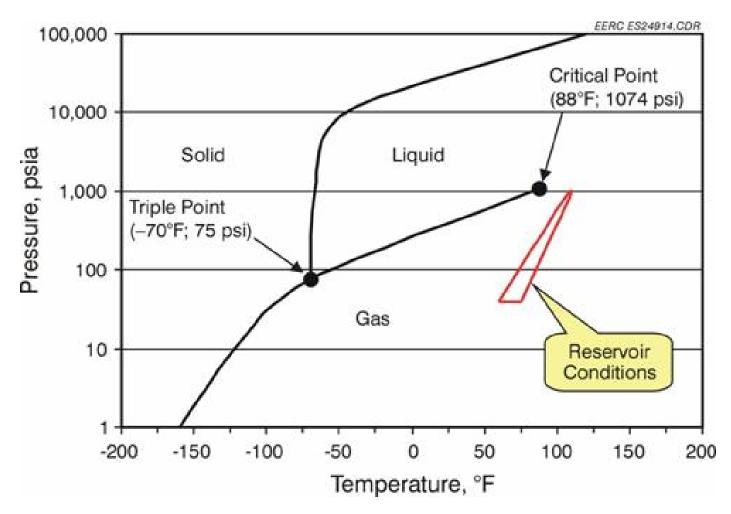








Lignite Coal Seam, continued

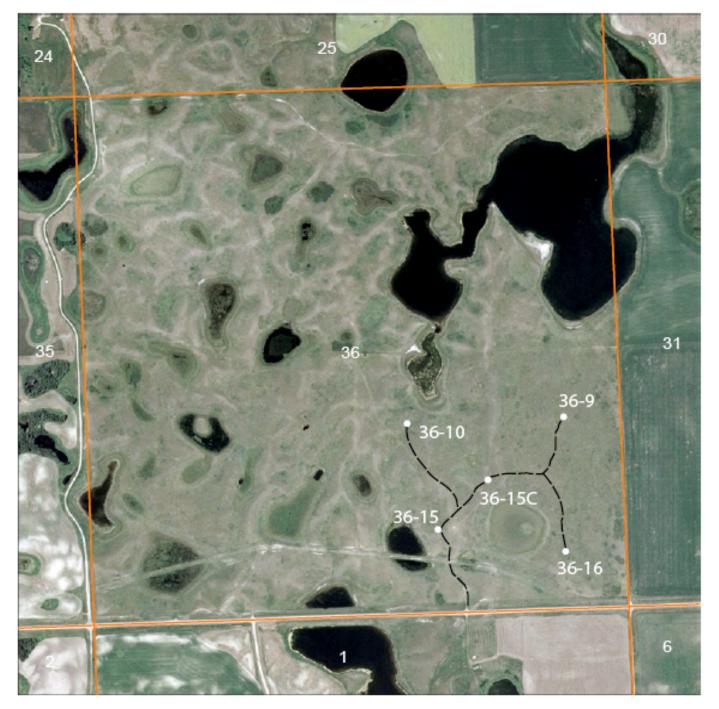












Lignite CBM Research Project Burke County, ND

Section 36, T. 159 N., R. 90 W.

> Proposed access route

- Drill and complete 4 monitoring wells.
- Complete an existing well for CO₂ injection.



Location Map



- State of North Dakota is providing surface and mineral rights access.
- PCOR Partner Eagle Operating is assisting with drilling and well operations.
- Flatland Exploration Company is providing technical and operational support with respect to well drilling and sampling.









MMV Efforts

- Monitoring wells will be installed into the coal seam injection zone and shallow aquifer.
 - Coal seam formation and aquifer are separated by a clay-rich glacial till.
 - Low porosity
 - Low permeability
 - Monitor pressure, temperature, pH, and resistivity in coal seam injection zone and shallow aquifer (approximately 1300 feet above highest target coal seam).









Lignite Field Validation Test Accomplishments to Date

- Baseline geologic and hydrogeologic date have been gathered and evaluated.
 - Numerous coal seams ranging from 1600 to 1800 feet below ground surface have been identified.
 - Coal seam thicknesses ranged from 2 to 10 feet.









Lignite Field Validation Test Accomplishments to Date

- Drilling locations have been identified.
- Drilling procedures for the test holes are under development.
- Draft NEPA questionnaire has been submitted.











Lignite Field Validation Test Accomplishments to Date

- A public hearing to discuss well spacing was held on September 27, 2006.
 - Hearing necessitated by the variance in well spacing.
 - North Dakota Industrial Commission (NDIC) rules indicate one well per 160 acres, this field validation test has 5 wells.
 - Provided testimony and exhibits as to the need of the research well configuration.





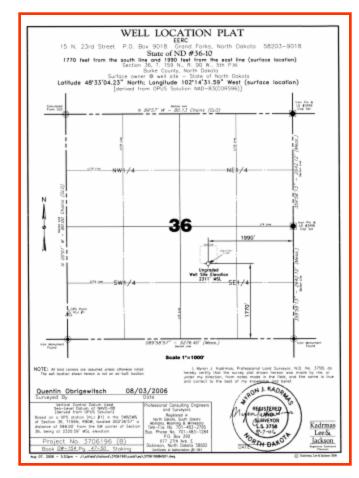




Lignite Field Validation Test Next Steps

Drilling Permits

- Will be filed in early October.
- Need to include an accurate, certified plat showing the location of the proposed well.
- Need to include a drilling prognosis.











Lignite Field Validation Test Next Steps

Drilling Prognosis

- Proposed total depth

 (including measured depth
 if appropriate) to which the
 well will be drilled
- Estimated depth to the top of important geological markers
- Estimated depth to the top of objective horizons
- Proposed mud program











Lignite Field Validation Test Next Steps

- Drilling Prognosis (cont.)
 - Proposed casing program
 - Size and weight
 - Proposed depth at which each casing string is to be set
 - Proposed amount of cement to be used
 - Estimated top of cement











Lignite Field Validation Test Summary

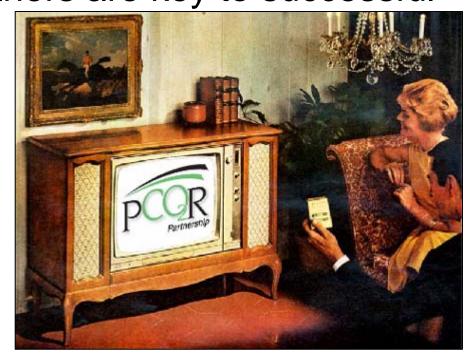
Task is 6 months ahead of schedule.

Hope to begin drilling this fall.

Numerous partners are key to successful

project.

• Stay tuned.



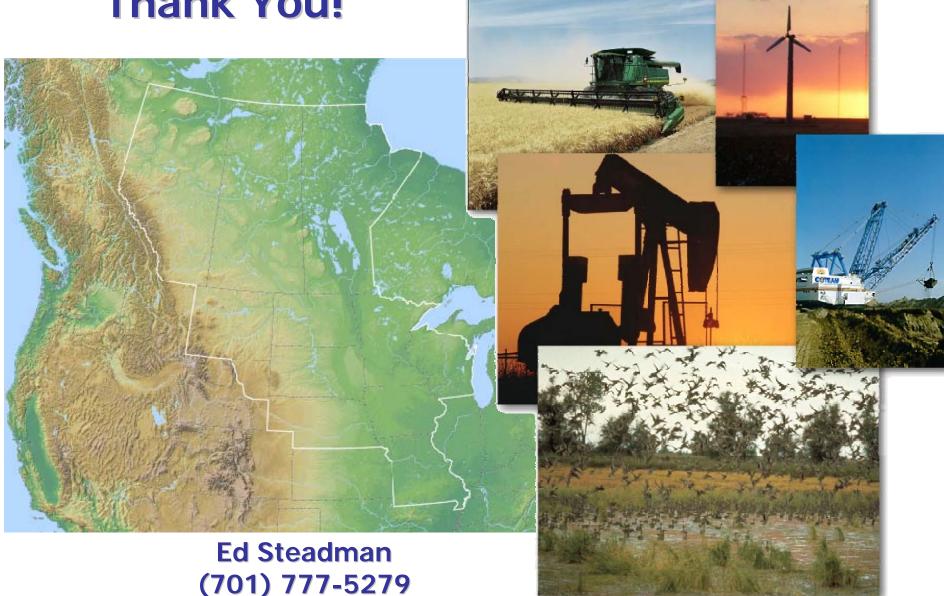












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